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SUBJECT: NATIONAL ASSEMBLY SAVES TOUGH ISSUES FOR FUTURE
SESSIONS

Classified By: POL M/C Joseph Y. Yun. Reasons 1.4 (b,d).

11. (C) SUMMARY: In the National Assembly (NA) session, which ended on November 23, Korea's parliament approved several controversial bills, but left the KORUS FTA and the Iraq troop deployment extension for later sessions. Possibly the most controversial of the bills passed was a proposal -- vehemently opposed by conservationists -- to turn a massive land reclamation project into an industrial park. Meanwhile, the 2008 budget did not make it out of committee before the session ended, and will likely be put forward for a plenary vote in the special session, expected to be held in late December. Both the KORUS FTA and the decision on extending the Zaytun deployment of troops to Iraq were postponed for future sessions, with neither the conservative GNP nor the liberal UNDP motivated to discuss such politically sensitive legislation with just over three weeks left until the December 19 presidential election. End Summary.

Samsung Probe

12. (C) On November 23 the Assembly passed a bipartisan proposal to appoint an independent counsel to investigate alleged irregularities by the Samsung Group. The bill specifies areas of investigation including the alleged bribes of politicians and methods of lobbying. The two most politically sensitive accusations involve alleged bribes to prosecutors and alleged "congratulatory money" paid to President Roh Moo-hyun after his 2002 election. President Roh has denied the charges, but he announced on November 27 that, because of the overwhelming NA support, he would not veto the legislation. A veto would have precluded further action until after the presidential election, however, now the issue runs the risk of becoming a campaign issue for progressives -- who criticize the GNP's historically close relationship to big business -- and for conservatives -- who will point to allegations of progressive President Roh's corruption.

Reclamation Transformation

13. (SBU) On November 22 the National Assembly approved the government's controversial bill to transform a reclamation project on South Korea's west coast into a special industrial

zone. The government created the land in 2005 by building a massive seawall. Originally intended to be farmland, the ROKG later decided to turn the 28,300 hectares of land (almost 70,000 acres, just shy of 5 times the size of Manhattan) into an industrial zone for foreign investors. The reclamation project has been the subject of much controversy with environmentalists and local residents concerned about the potential for environmental damage. The controversy was exacerbated by the reclamation project's location in the North Jeolla province, an area historically anti-government. The Supreme Court last year ruled in favor of the government, enabling it to build the seawall and ending the nearly 5-year dispute between the Agriculture and Forestry Ministry and activists.

FTA Postponed but Beef Traceability Enacted

¶4. (C) Both the GNP and UNDP remain lukewarm on the KORUS FTA, saying follow-up measures to buffer the impact on domestic industries like the farming industry should be put together before they can take any action on the bill. The bill has been pending at the NA for over two months now, and is not yet on the agenda of the Foreign Affairs & Trade Committee, which has to approve the bill before it can go forward for a plenary vote. Nonetheless, February ratification of the KORUS FTA is still a possibility. In the meantime the NA did pass the Act on the Traceability of Cattle and Beef, which will assign ID numbers to each beef product so authorities can take quarantine action more effectively in case of disease outbreak and prevent any "fake" origin of beef products. Although the legislation will have no specific impact on the imports of U.S. beef, it was likely brought about by the drafters' desire to keep a close eye on beef products -- both domestic and imported.

Peacekeeping Pending

¶5. (C) Legislation to set out rules for deploying peacekeeping missions is still pending in the Foreign and Unification Affairs Committee. The purpose of the bill is to set out the rules for peacekeeping operations (PKO) missions (excluding troop contribution to multinational coalition forces). The bill would require the ROKG to get NA approval before deployment and renewal and to report annually on the status of such deployments. The bill also provides for establishing an inter-agency consultative body to coordinate missions. Although there is nothing particularly controversial about the bill, it does give the ROKG more leeway with deployments by allowing it to bypass the NA in some cases. Consequently, progress is slow. Interlocutors have also been quick to point out that this legislation affects neither the Iraq nor Afghanistan deployments.

Zaytun Decision Delayed Until December

¶6. (C) The National Assembly announced earlier in November that it would convene a special session after the election to consider the extension of the South Korean troop deployment to Zaytun, Iraq. This extraordinary session will likely be held in December, though there has been no word yet on specific timing. UNDP leaders sought to avoid publicly highlighting the "discrepancy" that would have been apparent if the bill were approved while the party's candidate for president, Chung Dong-young, was on record as opposed to it. The bill is still in the Defense Committee, where our vote count indicates a total of 10 GNP and Democratic Party (DP) members in support of the extension, with 8 UNDP members opposed. Composition of the plenary body, however, indicates 142 votes in favor of the extension and 150 opposed, with 7 swing votes up for grabs.

Overseas Korean Voting Rights

¶17. (SBU) The Constitutional Court ruled the Election Law unconstitutional for not giving voting rights to overseas Koreans. However, the court's decision gave the NA until the end of 2008 to revise the relevant provision in the law, apparently considering the possible confusion a sudden change might cause in this presidential election and in the 2008 general elections. (NOTE: Although specific polls are not available, the general sense is that overseas Koreans are generally conservative and support either GNP candidate Lee Myung-bak or independent conservative candidate Lee Hoi-chang. This is buttressed by the GNP's and Lee Myung-bak's support in securing overseas Koreans' voting rights, while the UNDP remains lukewarm. END NOTE)

COMMENT

¶18. (C) The progressive-controlled National Assembly was apparently unwilling to make inroads on political hot potatoes with potential to impact the presidential election. Some bills -- like the budget and the Zaytun deployment -- will probably pass in the special session, but the February session will be the one to watch, as National Assembly members try to set themselves up for the April 2008 general election.
VERSHBOW